

House Engrossed

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 120

HOUSE BILL 2255

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; RELATING TO CHARTER SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 15-185, Arizona Revised Statutes, is amended to read:

15-185. Charter schools; financing; definitions

A. Financial provisions for a charter school that is sponsored by a school district governing board are as follows:

1. The charter school shall be included in the district's budget and financial assistance calculations pursuant to paragraph 3 of this subsection and chapter 9 of this title, except for chapter 9, article 4 of this title. The charter of the charter school shall include a description of the methods of funding the charter school by the school district. The school district shall send a copy of the charter and application, including a description of how the school district plans to fund the school, to the state board of education before the start of the first fiscal year of operation of the charter school. The charter or application shall include an estimate of the student count for the charter school for its first fiscal year of operation. This estimate shall be computed pursuant to the requirements of paragraph 3 of this subsection.

2. A school district is not financially responsible for any charter school that is sponsored by the state board of education or the state board for charter schools.

3. A school district that sponsors a charter school may:

(a) Increase its student count as provided in subsection B, paragraph 2 of this section during the first year of the charter school's operation to include those charter school pupils who were not previously enrolled in the school district. A charter school sponsored by a school district governing board is eligible for the assistance prescribed in subsection B, paragraph 4 of this section. The soft capital allocation as provided in section 15-962 for the school district sponsoring the charter school shall be increased by the amount of the additional assistance. The school district shall include the full amount of the additional assistance in the funding provided to the charter school.

(b) Compute separate weighted student counts pursuant to section 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter school pupils in order to maintain eligibility for small school district support level weights authorized in section 15-943, paragraph 1 for its noncharter school pupils only. The portion of a district's student count that is attributable to charter school pupils is not eligible for small school district support level weights.

4. If a school district uses the provisions of paragraph 3 of this subsection, the school district is not eligible to include those pupils in its student count for the purposes of computing an increase in its revenue control limit and district support level as provided in section 15-948.

5. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of

1 computing an increase in its capital outlay revenue limit as provided in
2 section 15-961, subsection C, except that if the charter school was
3 previously a school in the district, the district may include in its student
4 count any charter school pupils who were enrolled in the school district in
5 the prior year.

6 6. A school district that sponsors a charter school is not eligible
7 to include the charter school pupils in its student count for the purpose of
8 computing the revenue control limit which is used to determine the maximum
9 budget increase as provided in chapter 4, article 4 of this title unless the
10 charter school is located within the boundaries of the school district.

11 7. If a school district converts one or more of its district public
12 schools to a charter school and receives assistance as prescribed in
13 subsection B, paragraph 4 of this section, and subsequently converts the
14 charter school back to a district public school, the school district shall
15 repay the state the total additional assistance received for the charter
16 school for all years that the charter school was in operation. The repayment
17 shall be in one lump sum and shall be reduced from the school district's
18 current year equalization assistance. The school district's general budget
19 limit shall be reduced by the same lump sum amount in the current year.

20 B. Financial provisions for a charter school that is sponsored by the
21 state board of education or the state board for charter schools are as
22 follows:

23 1. The charter school shall calculate a base support level as
24 prescribed in section 15-943, except that sections 15-941 and 15-942 do not
25 apply to these charter schools.

26 2. Notwithstanding paragraph 1 of this subsection, the student count
27 shall be determined initially using an estimated student count based on
28 actual registration of pupils before the beginning of the school year. After
29 the first one hundred days or two hundred days in session, as applicable, the
30 charter school shall revise the student count to be equal to the actual
31 average daily membership, as defined in section 15-901, or the adjusted
32 average daily membership, as prescribed in section 15-902, of the charter
33 school. Before the one hundredth day or two hundredth day in session, as
34 applicable, the state board of education or the state board for charter
35 schools may require a charter school to report periodically regarding pupil
36 enrollment and attendance and the department of education may revise its
37 computation of equalization assistance based on the report. A charter school
38 shall revise its student count, base support level and additional assistance
39 before May 15. A charter school that overestimated its student count shall
40 revise its budget before May 15. A charter school that underestimated its
41 student count may revise its budget before May 15.

42 3. A charter school may utilize section 15-855 for the purposes of
43 this section. The charter school and the department of education shall
44 prescribe procedures for determining average daily attendance and average
45 daily membership.

1 4. Equalization assistance for the charter school shall be determined
2 by adding the amount of the base support level and additional
3 assistance. The amount of the additional assistance is one thousand two
4 hundred seventy-eight dollars forty cents per student count in kindergarten
5 programs and grades one through eight and one thousand four hundred
6 eighty-nine dollars ninety-five cents per student count in grades nine
7 through twelve.

8 5. The state board of education shall apportion state aid from the
9 appropriations made for such purposes to the state treasurer for disbursement
10 to the charter schools in each county in an amount as determined by this
11 paragraph. The apportionments shall be made in twelve equal installments of
12 the total amount to be apportioned during the fiscal year on the fifteenth
13 day of each month of the fiscal year.

14 6. Notwithstanding paragraph 5 of this subsection, if sufficient
15 appropriated monies are available after the first forty days in session of
16 the current year, a charter school may request additional state monies to
17 fund the increased state aid due to anticipated student growth through the
18 first one hundred days or two hundred days in session, as applicable, of the
19 current year as provided in section 15-948. In no event shall a charter
20 school have received more than three-fourths of its total apportionment
21 before April 15 of the fiscal year. Early payments pursuant to this
22 subsection must be approved by the state treasurer, the director of the
23 department of administration and the superintendent of public instruction.

24 7. The charter school shall not charge tuition, levy taxes or issue
25 bonds.

26 8. Not later than noon on the day preceding each apportionment date
27 established by paragraph 5 of this subsection, the superintendent of public
28 instruction shall furnish to the state treasurer an abstract of the
29 apportionment and shall certify the apportionment to the department of
30 administration, which shall draw its warrant in favor of the charter schools
31 for the amount apportioned.

32 C. If a pupil is enrolled in both a charter school and a public school
33 that is not a charter school, the sum of the daily membership, which includes
34 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
35 subdivisions (a) and (b) and daily attendance as prescribed in section
36 15-901, subsection A, paragraph 6, for that pupil in the school district and
37 the charter school shall not exceed 1.0. If a pupil is enrolled in both a
38 charter school and a public school that is not a charter school, the
39 department of education shall direct the average daily membership to the
40 school with the most recent enrollment date. Upon validation of actual
41 enrollment in both a charter school and a public school that is not a charter
42 school and IF the sum of the daily membership or daily attendance for that
43 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
44 apportioned between the public school and the charter school based on the
45 percentage of total time that the pupil is enrolled or in attendance in the

1 public school and the charter school. The uniform system of financial
2 records shall include guidelines for the apportionment of the pupil
3 enrollment and attendance as provided in this section.

4 D. Charter schools are allowed to accept grants and gifts to
5 supplement their state funding, but it is not the intent of the charter
6 school law to require taxpayers to pay twice to educate the same pupils. The
7 base support level for a charter school or for a school district sponsoring
8 a charter school shall be reduced by an amount equal to the total amount of
9 monies received by a charter school from a federal or state agency if the
10 federal or state monies are intended for the basic maintenance and operations
11 of the school. The superintendent of public instruction shall estimate the
12 amount of the reduction for the budget year and shall revise the reduction
13 to reflect the actual amount before May 15 of the current year. If the
14 reduction results in a negative amount, the negative amount shall be used in
15 computing all budget limits and equalization assistance, except that:

16 1. Equalization assistance shall not be less than zero.

17 2. For a charter school sponsored by the state board of education or
18 the state board for charter schools, the total of the base support level, the
19 capital outlay revenue limit, the soft capital allocation and the additional
20 assistance shall not be less than zero.

21 3. For a charter school sponsored by a school district, the base
22 support level for the school district shall not be reduced by more than the
23 amount that the charter school increased the district's base support level,
24 capital outlay revenue limit and soft capital allocation.

25 E. If a charter school was a district public school in the prior year
26 and is now being operated for or by the same school district and sponsored
27 by the state board of education, the state board for charter schools or a
28 school district governing board, the reduction in subsection D of this
29 section applies. The reduction to the base support level of the charter
30 school or the sponsoring district of the charter school shall equal the sum
31 of the base support level and the additional assistance received in the
32 current year for those pupils who were enrolled in the traditional public
33 school in the prior year and are now enrolled in the charter school in the
34 current year.

35 F. Equalization assistance for charter schools shall be provided as
36 a single amount based on average daily membership without categorical
37 distinctions between maintenance and operations or capital.

38 G. At the request of a charter school, the county school
39 superintendent of the county where the charter school is located may provide
40 the same educational services to the charter school as prescribed in section
41 15-308, subsection A. The county school superintendent may charge a fee to
42 recover costs for providing educational services to charter schools.

43 H. If the sponsor of the charter school determines at a public meeting
44 that the charter school is not in compliance with federal law, with the laws
45 of this state, or with its charter, the sponsor of a charter school may

1 submit a request to the ~~state board~~ DEPARTMENT of education to withhold up
2 to ten per cent of the monthly apportionment of state aid that would
3 otherwise be due the charter school. The ~~state board~~ DEPARTMENT of education
4 shall adjust the charter school's apportionment accordingly. The sponsor
5 shall provide written notice to the charter school at least seventy-two hours
6 before the meeting and shall allow the charter school to respond to the
7 allegations of noncompliance at the meeting before the sponsor makes a final
8 determination to notify the ~~state board~~ DEPARTMENT of education of
9 noncompliance. The charter school shall submit a corrective action plan to
10 the sponsor on a date specified by the sponsor at the meeting. The corrective
11 action plan shall be designed to correct deficiencies at the charter school
12 and to ensure that the charter school promptly returns to compliance. When
13 the sponsor determines that the charter school is in compliance, the ~~state~~
14 ~~board~~ DEPARTMENT of education shall restore the full amount of state aid
15 payments to the charter school.

16 I. A charter school may receive and spend monies distributed by the
17 department of education pursuant to section 42-5029, subsection E and section
18 37-521, subsection B.

19 J. For the purposes of this section:

20 1. "Monies intended for the basic maintenance and operations of the
21 school" means monies intended to provide support for the educational program
22 of the school, except that it does not include supplemental assistance for
23 a specific purpose or P.L. 81-874 monies. The auditor general shall
24 determine which federal or state monies meet the definition in this
25 paragraph.

26 2. "Operated for or by the same school district" means the charter
27 school is either governed by the same district governing board or operated
28 by the district in the same manner as other traditional schools in the
29 district or is operated by an independent party that has a contract with the
30 school district. The auditor general and the department of education shall
31 determine which charter schools meet the definition in this subsection.

APPROVED BY THE GOVERNOR APRIL 19, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 19, 2004.